

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7854

BILL NUMBER: SB 584

NOTE PREPARED: Jan 13, 2005

BILL AMENDED:

SUBJECT: Prohibiting Sale of Gasoline below Cost.

FIRST AUTHOR: Sen. Waterman

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill prohibits a retailer: (1) from selling or offering to sell gasoline below retailer cost or above a maximum sale price, with certain exceptions; (2) from offering a rebate or concession in connection with the sale of gasoline under certain circumstances; (3) or an affiliate from offering other items that, when combined with the selling price of the gasoline, reduce the selling price to below an allowable minimum under certain circumstances

The bill also (4) authorizes the Attorney General or a prosecuting attorney to seek civil penalties or an injunction for violations; and (5) authorizes a person who is injured or threatened with injury by below-cost sales of gasoline to seek an injunction or monetary damages.

Effective Date: July 1, 2005.

Explanation of State Expenditures: This bill allows the Attorney General (AG) or a local prosecuting attorney to seek civil penalties or an injunction against persons violating the gasoline pricing and rebate provisions listed above. The administrative cost impact on the AG is indeterminable and will ultimately depend upon administrative action and the number of actions initiated.

Explanation of State Revenues: It is unlikely that the provisions of this bill will affect the total amount of gasoline sold or total Gas Tax collections. It could affect the amount of Sales Tax collected. Patterned after the Cigarette Trade Act, IC 24-3-2-1, this bill will allow the AG or a prosecuting attorney to seek civil penalties or an injunction for violations.

The civil penalties imposed by the bill are to be deposited in the state General Fund, regardless of whether the

AG or local prosecuting attorney initiates the action. The increase in revenue will ultimately depend upon the number of successful actions and the amount of the penalties imposed. The bill provides that the maximum penalties are not more than \$2,500 for each violation, or, if multiple violations occur in one day, \$10,000 for each day of violation.

Explanation of Local Expenditures: This bill allows the AG or a prosecuting attorney to seek civil penalties or an injunction against persons violating the gasoline pricing and rebate provisions listed above. The administrative cost impact on prosecuting attorneys will ultimately depend upon the number of actions initiated.

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue; Attorney General.

Local Agencies Affected: County Prosecuting Attorneys.

Information Sources: Linda Dollens, Administrator Claim Processing Center, Department of Revenue; 317-615-2501; Captain Robin Poindexter, Excise Police, 317-233-0838.

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